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Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

Report on the Review of the
2002-2003 Main Estimates

Chair: Mr. Charles Dent, MLA

Northwest Territories Legislative Assembly
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THE HONOURABLE ANTHONY (TONY) WHITFORD, MLA
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Accountability and Oversight has the honor of presenting its Report on the Review of the 2002-2003 Main Estimates, and commends it to the House.

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Chair

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Standing Committee on Accountability and Oversight Report on the Review of the 2002-2003 Main Estimates

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Standing Committee on Accountability and Oversight
Report on the Review of the 2002-2003 Main Estimates

Introduction

The Standing Committees of Accountability and Oversight, Governance and Economic Development, and Social Programs all participate in the review of the Government's Business Plans and Main Estimates. The Committees met from January 14, 2002 to January 25, 2002 to review the 2002-2003 Draft Main Estimates for the Government of the Northwest Territories.

The Standing Committee on Accountability and Oversight is comprised of all Regular Members. The Committee prepares a report dealing with issues that are government-wide in nature which were identified by the Standing Committees on Governance and Economic Development and Social Programs. The issues identified in the next section of the report are government-wide in nature and were brought forward to this Committee for further study and discussion.

Total operations expenses for the Government increased from $833,642,000 proposed in 2002-2003 Business Plans to $851,673,000 proposed in the Draft 2002-2003 Main Estimates. This represents an increase of $18,031,000. Total capital expenditures for the Government declined from $131,928,000 proposed in its Business Plans to $108,852,000 proposed in its Draft Main Estimates, representing a decrease of $23,076,000. A major portion of this reduction is due to the cancellation of the original Highway Investment Strategy and the transfer of infrastructure contributions from capital expenditures to operations expense as the result of the revised accounting process for capital.

Government-Wide Issues

On January 30, 2002, the Standing Committee on Accountability and Oversight, took the opportunity to follow-up on several issues arising from its review of the 2002-2003 Main Estimates with the Government. Three issues were felt to warrant a letter to the Government from the Committee requesting changes be made before the Main Estimates were presented in the House. These issues included the National Aboriginal Day and Living History Project, Student Support Services and Caucus Priorities for Housing.

National Aboriginal Day and Living History Project

During the review of the Ministry of Aboriginal Affairs, the Standing Committee on Governance and Economic Development noted a proposed $1,000,000 expenditure for a combined National Aboriginal Day celebration and pre-celebration events co-ordinated under the Living History Project.

The Standing Committee on Governance and Economic Development had a number of concerns about these projects and brought them to the Standing Committee on Accountability and Oversight for review. The Standing Committee on Accountability and Oversight agreed with these concerns, which are outlined as follows.

Members could not understand why the two initiatives were linked in the same line item in the Main Estimates, nor why funding for the Living History Project would fall under the Ministry of Aboriginal Affairs. Combining the two makes it more difficult for Members and the public to understand the amounts proposed to be spent on either project. It also makes it difficult for Members to evaluate each of the projects without the inference that concern with one of the projects impacts on the other.

Members of the Committee were concerned by the lack of detail on the proposed activities for the Living History Project. Aside from the brief outline of initiatives planned by this society in the Main Estimates, Members were disappointed to see no formal proposal for the funding requested. Members want to see an outline of the Society's mandate and goals, an analysis of other funds received by the project from various private corporations and the federal government, and other relevant material to establish the organisation's value and substance.

Members were also concerned that there had been no notice in the Business Plans that significant funding would be requested for this non-profit organisation. Members noted the project has already received funding of $40,000 for start-up costs, and the draft Main Estimates requested a further $500,000. We were told this new funding was for pre-National Aboriginal Day celebration events including a symposium and a review of the history of the past 25 years of the Government of the Northwest Territories. By adding the funding for this organisation to the Main Estimates without going through the Business Planning process, some Members wondered if we might be accused of preferential treatment for this group when other non-Government organisations have to follow a much more rigorous process to acquire Government funds.

Without seeing long-term plans, Members were further concerned that funding for this organisation may become on going.

As noted above, Committee was concerned with funding for the Living History Project falling under the auspices of the Ministry of Aboriginal Affairs. The Department of Education, Culture and Employment is responsible for most grants and contributions offered to cultural or historical organisations.

Committee felt the Government should address these concerns before the Legislative Assembly considered funding for the Living History Project. We advised the Minister of Finance by letter that the proposed funding should be removed from the Main Estimates, and that any proposal for funding should come forward as part of a Supplementary Estimate when our concerns had been addressed.

Members of the Committee are pleased to see that the Department addressed one of the concerns stated above and has supplied information showing that the budget items of National Aboriginal Day and the Living History Project have now been separated. However, in light of the concerns previously stated by the Committee we make the following recommendation:

Recommendation:

The Standing Committee on Accountability and Oversight recommends that the funding for the Living History project be removed from the 2002-2003 Main Estimates.

Student Support Services

Committee Members noted that the Department of Education, Culture and Employment or ECE had included $2,726,000 in the 2002-2003 Draft Main Estimates to reduce the Pupil Teacher Ratio (PTR) to 16:1 and to increase Student Support Services to 14 percent in 2002-2003.

The Committee noted that the Department is ahead of its legislated requirement to reduce the PTR levels in NWT schools and on target for the Legislated Student Support increases for 2002-2003. Committee pointed out the positive results of increasing direct support to students in need in the classroom. Based on the financial information provided during the review of the of Business Plans and the Draft Main Estimates, Committee Members asked the Minister to consider taking $900,000 from the PTR and advancing the final installment of the

Student Support Services to reach 15 percent in this fiscal year. This would leave the balance of $1,826,000 to apply to PTR in 2002-2003. The PTR would then be topped up in its final year by $900,000 to meet the legislated target of 16:1 in 2002-2004.

In the Government response to the Committee's request it became clear that the financial information presented to the Committee on the split of the $2,726,000 during the Business Plan Review and Draft Main Estimate Review was wrong. The Department now states that $1,600,000 was to be used to increase Student Support Services to 14 percent and that the remaining $1,126,000 was to be used to reduce the PTR. Subsequently, the Department's initial estimate of $900,000 to implement the 15 percent Student Support Services was revised to encompass the entire $1,126,000.

Regardless of any misunderstanding, the Standing Committee on Accountability and Oversight was pleased that the Department of Education, Culture and Employment agreed to the Committee's request and that the funding for Student Support Services will be increased to 15 percent in 2002/2003, a full year in advance of the legislated requirement.

Caucus Priorities for Housing

The Committee discussed the proposed budget of the Northwest Territories Housing Corporation. Following Caucus discussions in Hay River in December of 2001, that highlighted the priority Members attach to making housing available to northerners, the Committee was surprised that the Government had not proposed significant new monies for new or existing programs within the Main Estimates. Nearly all additional money appears to come from the Government of Canada through a contribution from the Canada Mortgage and Housing Corporation to enhance housing programs.

In the Government's response to Committee's concern that the Main Estimates do not reflect Caucus priorities it is stated that the Government is currently developing initiatives to support private development of housing in non-taxed based communities.

The Committee will watch to see whether the initiatives under development are relevant and will encourage private developers to invest in the non-taxed based communities.

Other Government-Wide Issues

The Standing Committee on Accountability and Oversight also discussed and evaluated the following Government-wide issues. These issues include the Corporate Capital Planning Process, the Consolidation and Placement of Energy Initiatives and the Placement of the Social Agenda.

Corporate Capital Planning Process

A responsive and equitable capital planning process is essential for effective community capacity development and maintenance. A new capital planning process, referred to as the Corporate Capital Planning (CCP) process was announced by the Government during the review its Draft 2002-2005 Business Plans by the Standing Committees. The development and adoption of the CCP by the Government was done without consultation with the Regular Members.

The CCP is based on a Primary Rating Criteria which prioritizes capital projects in the following order: protection of people, protection of assets, protection of the environment, financial investment considerations, and program needs or requirements. A Capital Review Committee, comprised of deputy ministers determines which projects are chosen based upon this prioritization model. However, Committee Members concurred with comments made by the Standing Committee on Governance and Economic Development in its review of the 2002-2005 Draft Business Plans that this new capital planning process "may leave communities and Regular Members without effective input" and furthermore, that "these criteria, especially the protection of people, may lead to projects from larger centres being placed before the needs of smaller communities".

As a result, the Standing Committee on Accountability and Oversight in its review of the 2002-2005 Business Plans, recommended the re-introduction of the notification letter from the Premier to each Member [and community], informing them of the capital plan for their community.

The Government agreed and informed the Committee that the letter of notification process will be implemented during the preparation of the 2003-2004 Main Estimates.

The Standing Committee on Accountability and Oversight remains concerned about the implementation of the CCP and looks forward to a debate on this issue on the floor of the House.

Consolidation and Placement of Energy Initiatives

The Standing Committee on Governance and Economic Development had expressed concern that a number of new energy initiatives have been placed within departments that do not have the proper mandate for such programs and this appears to be duplicating efforts. The Hydro Unit has remained within FMBS and the Energy Secretariat has remained within the Executive Offices under the Cabinet Secretariat. Committee Members suggested that a better coordination of efforts would result in greater efficiencies and better results. The Standing Committee on Governance and Economic Development is of the opinion that this issue has government-wide implications and as such, referred the issue to the Standing Committee on Accountability and Oversight for further discussion by all Regular Members.

After detailed discussion, the Standing Committee on Accountability and Oversight in its review of the 2002-2005 Draft Business Plans, recommended initiatives be placed within the most relevant department rather than within the department of convenience.

The Government, in a recent information package submitted to the Committee replied that the placements of the Energy and Social Agenda initiatives are currently under review. However, the Draft Main Estimates still show that the placement of these initiatives has not changed.

In a letter to the Minister of Finance, dated January 11, 2002, the Committee stated that:

> During Committee of the Whole Consideration of Bill 14, Supplementary Appropriation Act No. 2, 2001-2002 on November 5, 2001, the Premier made the following statement and commitment to the Members:
>
> > Thank you, Mr. Chairman. I have had a discussion with some members of the Standing Committee on Accountability and Oversight earlier today. They had said they were concerned about having the Energy Secretariat by itself in the Department of the Executive and seeing different elements of initiatives and interests within the government in different departments. I will look at making an announcement to address that. We will specifically look at moving the

> Energy Secretariat out of the Department of the Executive. That will be done within the next couple of days. (Hansard, p. 654).

Further, the Committee asked "would you please provide the Standing Committee on Accountability and Oversight an explanation as to why the 2002-2003 Draft Main Estimates do not appear to reflect the commitments made by the Government." (Ibid.)

To date the Committee has not received a written explanation. However, during the review of the Draft 2002-2003 Main Estimates for the Executive Offices, the Premier advised the Standing Committee on Governance and Economic Development that he would bring forward option papers on the placement and consolidation of energy initiatives during the February Session.

The Standing Committee on Accountability and Oversight looks forward to receiving and reviewing the Government's option papers on the delivery, consolidation and placement of its energy initiatives and environmental responsibilities. We trust the Government will be able to provide the option papers to the Committee in the next few weeks.

Placement of Social Agenda

As the Standing Committee on Governance and Economic Development reviewed the Department of the Executive's Main Estimates, the Chairperson noted that the placement of the Social Agenda within the Executive paved the way for considerable discussion of social issues and problems that should fall under the mandate of the Standing Committee on Social Programs.

The Committee was also of the opinion that there does not appear to be a clear coordination between the Department of Health and Social Services and the Social Agenda Working Group. While Health and Social Services has just recently announced its Action Plan, the Social Agenda Working Group plans to release its recommendations at the end of February. The Committee would like to be assured that the expenditure of over $475,000 towards the Working Group has been worthwhile and their recommendations will be considered in the Department's plans.

Given the Committee's concerns and the fact that their suggestion for the removal of the Social Agenda from the Department of the Executive during the

Business Plan report was not heeded, the Committee brought the matter to the attention of the Standing Committee on Accountability and Oversight.

The Standing Committee on Accountability and Oversight examined the expanding mandate of the Executives Offices. Given the cross-departmental nature of the Social Agenda and other initiatives like Maximizing Northern Employment, the Standing Committee on Accountability and Oversight will be proposing an amendment to the Rules of the Legislative Assembly to include the Executive Offices within the Standing Committee's mandate.